

July 6th, 2020

Dear Prophecy Investors,

From all of us at Prophecy Asset Management, LP (“Prophecy”), we hope this letter finds you and your family safe and well. As many of you are in different countries and time zones, we have had feedback that the ZOOM call updates are sometimes scheduled at inconvenient times. So, we have decided to update our investors in writing going forward.

Status of Prophecy Trading Advisors, LP and International LTD and Prophecy Special Opportunities Fund, LP and International LTD

As discussed in prior calls and our investor letter dated March 30th, 2020, the Investment Advisor has temporarily suspended redemptions and the payment of redemptions. As per the Limited Partnership Agreement,

“The Partnership may suspend (or postpone) withdrawals, subscriptions, calculations of Net Asset Value and/or payments upon any withdrawals (in whole or in part) from Capital Accounts:

(i) during the existence of any state of affairs which, in the opinion of the General Partner, makes the disposition of the Partnership’s investments impractical or prejudicial to the Partners, or where such state of affairs, in the opinion of the General Partner, makes the determination of the price or value of the Partnership’s investments impractical or prejudicial to the Partners;”

Prophecy intends to evaluate the need to maintain a suspension of redemptions and the payment of redemptions on a monthly basis and will alert the funds’ investors of any change in status regarding the suspensions, including any anticipated dates for redemption payments.

Monthly Statement/Net Asset Value

While we have suspended the production of the NAV statements, we are working diligently to provide these as soon as possible. In order to move ahead with this effort, Prophecy has hired a third-party pricing company, Pluris Valuation Services. Prophecy is currently working with them to provide pricing to the Administrator so the Administrator may issue February, March, April and now May statements. We have already set up their data room and are moving through the various collateral, obligations, investments and claims. Settlement negotiations, discussed below, may have an effect on the pricing of assets as well as the timing of the statement production. While settlement negotiations may cause a further delay, we believe the NAV will be more accurately priced for investors if a settlement is reached, which may or may not occur. Nonetheless, production of the NAV statements is a high priority.

Auditor

As previously indicated, Prophecy has engaged Marcum, LLP (“Marcum”) to complete in tandem the 2018 re-audit and the 2019 audited financial statements of Prophecy Trading Advisors, LP and International, LTD. For both Prophecy Trading Advisors and Prophecy Special Opportunities Funds, we expect the completion of the audited financial statements and tax-reporting documents during late-July 2020. As soon as these are completed, we will deliver via the administrator, Mitsubishi Fund Services MUFG (“MUFG”).

Temporary Suspension of Management Fee

During this period, we have been working and continue to work to preserve investor assets and to serve you as best as possible. Since January 1, 2020, Prophecy has suspended the collection of any management fee for periods after January 1, 2020 and will continue to do so until further notice.

Current Status of Collection of Assets

As we previously have disclosed to you, we are in the process of collecting from a sub-advisor. There are two main components of that collection:

1. The redemption and collection of investments made with the sub-advisor
2. The collection of losses from the sub-advisor, including collection from collateral

Prior to March of this year, Prophecy has entered into a number of agreements with the sub-advisor which include collateral arrangements, personal guarantees, subscriptions and short-term loans. Those agreements are the subject of the arbitration discussed below as well as our settlement efforts.

Arbitration

On Wednesday, May 27th, Prophecy filed an arbitration claim against the sub-advisor and related entities. As the existing agreements required us to litigate in more than one forum, we entered into an agreement with the sub-advisor to resolve our disputes in a single arbitration. This allows the entire matter to be rolled up and resolved in one litigation, rather than fighting it in various venues which would have been far more expensive for the fund. Also, many courts are still closed, with further backlogs, which we expected would delay our remedy further.

For those of you who have questions about the arbitration process, we direct you to the AAA arbitration rules, which are publicly available at: <https://www.adr.org/Rules>

Settlement Negotiations

We continue to explore whether we can obtain a satisfactory recovery through negotiation. Offers and conditions for settlement have been exchanged and we continue toward a potential negotiated resolution. We believe that both parties would prefer to avoid a drawn out legal fight. For our part, we want to maximize the recovery to be had, bearing in mind risks associated with collection and the time value of money.

Ongoing Communication

As always, please do not hesitate to contact me directly with any questions or requests at: jeffrey.spotts@prophecyfund.com